

MONTANA BOARD OF HORSE RACING
BOARD MEETING
10 A.M., SEPTEMBER 12, 2009
RIMROCK AUTO ARENA CONFERENCE ROOM
BILLINGS, MT

APPROVED MINUTES

ATTENDANCE:

Al Carruthers	Chairman	Carol Lambert	Board Member
Susan Egbert	Board Member	John Ostlund	Board Member
Sue Austin	Board Member		
Ryan Sherman	Executive Secretary	Sherry Meador	Legal Counsel

PUBLIC IN ATTENDANCE: Ben Carlson, Lou Wojciechowski, Jim Espy, Amber Flom, Bryan Krone, Burton Farley, Don Richards, Bill Weatherwax.

CALLED TO ORDER: Chairman Carruthers called the meeting to order at 10:00 am

MINUTES: Member Ostlund moved to approve July 17, 2009 minutes. Member Egbert seconded the motion. Motion passed

NEW BUSINESS:

- A. Ryan provided board with the Montana Board of Horse Racing Reconciliation Sheet for 2008-2009 Fantasy Sports Wagering. For the NASCAR season from Feb. 15th through Sept. 6th, \$103,812 was wagered. Board got \$16,610. For the completed 2008 NFL season, \$87,507 was wagered and the board received \$14,001. The 2009 season starts the upcoming Thursday. ML proposed an updated version of the game, more playing opportunities during the week, a weekly updated roster, more facilities offering the game and more advertising.
- B. Ryan provided the Board with an update on advance deposit wagering -- \$844,000 was wagered through ADW. The board has received \$33,000 from TVG, \$3,700 from XpressBet, and Day at the Races has entered into a contract with the Board -- \$29,000 of the amount received has gone to the race tracks.
- C. Ryan reported on simulcast wagering for the state. The total simulcast handle from March 23- August 16, 2009 is 2.088 million. Weekly average is 100,000 Total purse money from simulcast over that period is \$63,419. The Board received \$20,884 in administration fees.

Member Austin asked how management of simulcast sites was going. Ryan reported that Montana Entertainment has stated that three sites were under performing, and they are looking at options to correct that. Miles City and Kalispell have picked up. One site in Billings is down but ME reported they are close to having another site in Billings go up and that they are adding

another site in Bozeman. Billings, Missoula and Great Falls are the top performers. Kalispell is much improved. Ben Carlson noted that a lot of opportunity is being lost in Billings with having only one site. Jim Espy asked how the % takeout compared to last year. Ryan said handle was even but less money went to tracks because of MSP's distribution model. There was further discussion on the need to decide between simulcast license applications if competing licenses are submitted. Member Austin pointed out that she, Ryan, Al, and Topper met with Bill Nooney in Missoula last September and Tom Tucker was on a conference call. Nooney and Tucker informed them at that time that they would need to fold their doors if handle didn't increase in the short term and may need to ask the board to put money back in. Don Richards stated that Tucker did not represent MSP in saying that. Member Ostlund stated that the board needs a proposal. Carlson declared that if the State didn't have different options regarding simulcasting, his group would consider a proposal. Chairman Carruthers said applications need to come before the board at a meeting in Helena so that the board can determine what is in the best interest of Montana's horse racing industry. It was determined there will be a discussion in the upcoming meeting as to what needs to be presented to the board by competing interests to determine simulcast licensing for 2010.

RULES COMMITTEE: Ryan requested two horsemen representatives and a management representative on the rules committee. Burton Farley, Amber Flom, and Jim Espy volunteered. Ryan said the rules committee will need to get up to date on the medication rules and more consistent with the ARCI model rules. The committee will include Dave Wheeler, Chester Monson, Kelly Manzer, Al Carruthers, Susie Egbert, Jim Espy, Randy Fozzard and Ryan Sherman.

STAFFING NEEDS: Ryan reported that the Department of Labor declared the Board of Horse Racing back on good financial footing. DOL requested that the board consider hiring part time administrative staff (up to 20 hrs/wk at \$10-14/hr -- \$15,000 to 20,000/yr) to manage the board's accounting. The board discussed their frustrations with getting an itemized accounting, and not being able to have a full picture of the board's expenses. The board concluded that without an itemized accounting of expenses, it was unable to determine whether or not there was adequate funding to support additional staff. Ryan will advise DOL of the board's decision.

RACE DATE APPLICATION FORMAT APPROVAL: Ryan went through the proposed racing date application. The application included general information and race dates requested, racetrack and insurance information (including proposed training period), and other information that included a proposed stakes schedule and any request to host simulcasting in addition to live racing. Member Austin made a motion to accept the new race date application, member Lambert seconded, application approved.

LEGISLATIVE AUDIT UPDATE: Sherry reported that the Audit Office issued a draft report for the Board's review, but asked that the report be kept confidential until it is

presented to the Legislative Audit Committee. The board discussed the report in executive session.

OTHER BUSINESS: The next meeting will be October 10th in Helena to discuss simulcast license application, staffing once an itemized budget is received, and the Legislative Audit.

PUBLIC COMMENT: Chairman Carruthers opened the floor for public comment. Burton Farley told the board he really appreciated the board's openness to horsemen. He then expressed concern over Yellowstone County's Commission's commitment to horseracing. He asked Member Ostlund why the commissioners weren't more helpful to horsemen given the horsemen's economic impact on the community. Member Ostlund responded that articles in the paper condemning horseracing were a result of commission staff and did not represent the view of the commission. He said that the commissioners were supportive of horseracing even though horseracing has always been the problem child – problem with horsemen sneaking into the fair and problems with insurance. Member Ostlund stated that they were merely holding the horsemen accountable. It was noted that the issue of people sneaking into the fair has been addressed through better security.

Brian Krone noted that it was lucky Great Falls let horsemen stay given that the Metra barns were housing dogs and horses weren't allowed in. Member Ostlund stated that the Metra was a public use facility and that the facility wasn't used as a training facility because Yellowstone Downs never proposed a contract to discuss it.

Amber Flom commented that HBPA spent \$1,000 getting track ready in 2008 and that they left it in good condition last fall. But then in 2009, the track was very bad with seven horses having gone down because of its poor condition. Member Ostlund said the county was trying to fix up the backside and will make sure it's better for next year's race meet. Farley thanked Member Ostlund for coming to the board meeting and listening to the horsemen's concerns.

Jim Espy asked if Missoula was running next year. Chairman Carruthers reported that Eric Spector said he was talking with the Missoula County Commissioners and others in Missoula. Chairman Carruthers said we need to figure out where we stand financially. Espy said it was important to get horses in Great Falls to run races in Great Falls given that the dates have been reduced substantially all around.

Member Ostlund asked if race dates could be run closer together so there isn't a concern of horses go between meets. Ben Carlson said he was encouraging a loop between Fargo, SD and Billings – current window is best though they could run in Billings a week earlier and a week later. Member Ostlund emphasized they need to get dates in early. Carlson said they didn't get insurance earlier for spring training because they didn't know where the funding was coming from.

It was noted that the racing secretary for the Billings meet, Norm Amundson, was doing a great job in writing appropriate races for the horses there.

Meeting was closed at 11:20 am for executive session. Sherry reviewed the draft audit report and discussed the board's response. The auditor's office will hold an exit interview with Sherry, Ryan, and any board members who wish to join them. At that time the board and its staff will have to opportunity to respond to the auditors on anything in the report. When the final report is issued, the board may attach a written response to the Audit Committee, and will have the opportunity to present to the Audit Committee at their Sept 29th meeting. Sherry will email all written responses to the board for comment.

Member Austin moved that the meeting be adjourned. Member Egbert seconded. Motion passed.

The meeting was adjourned at 11:45 p.m.

Signature

Date